AN ANALYSIS OF EXCHANGE PRIVATE LABEL P

Military Market

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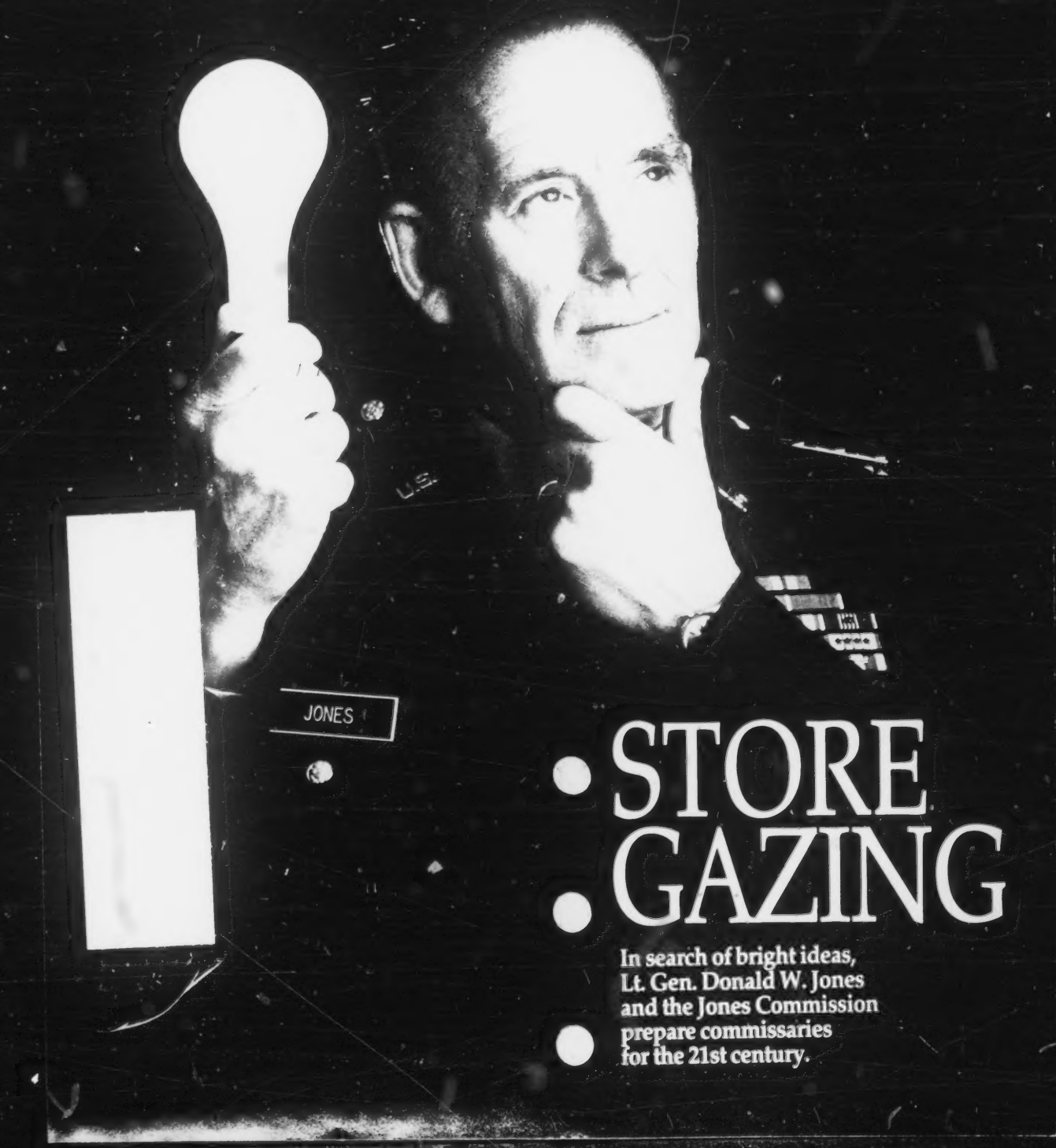

• STORE • GAZING •

In search of bright ideas, Lt. Gen. Donald W. Jones and the Jones Commission prepare commissaries for the 21st century.

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BASE CLOSINGS

Some Air Force stores will see dramatic sales increases

Sales at one Air Force commissary could more than double as a result of the base closings law, while sales at seven others may increase by 20 percent or more.

Based on a recent study, the Air Force Commissary Service has estimated the sales impact of the base closure law on adjacent commissaries. (The Air Force was the service most seriously affected by the base closures decision, since five of its bases will close completely.)

Commissaries on bases that are near Chanute AFB, Ill.; George AFB, Calif.; Mather AFB, Calif.; Norton AFB, Calif.; and Pease AFB, N.H., will see increased business when the law begins to take effect in January of next year. The increases will result from the transfer of personnel and the migration of retiree sales.

According to AFCOMS, March AFB, Calif., will see the greatest change — an estimated 112 percent boost in dollar sales. This base is slated to gain more than 2,200 personnel.

The commissary at McClellan AFB, Calif., will receive 62 percent more business, while the store at Beale AFB, Calif., will gain 22 percent. Commissaries at Edwards AFB and Travis AFB, Calif., will grow 23 percent and 12 percent respectively, in terms of dollar sales.

The Grissom AFB, Ind., commissary will also see a significant increase in sales: 38 percent. At Mountain Home AFB, Idaho — which is expected to gain nearly 2,000 servicemembers — commissary sales will rise an estimated 37 percent. Pease's neighbor, Hanscom AFB, Mass., will gain 33 percent in commissary sales, AFCOMS predicts.

Other predicted increases are as follows: Bergstrom AFB, Texas — 6 percent; Bolling AFB, D.C. — 13 percent; Cannon AFB, N.M. — 27 percent; Fairchild AFB, Wash. — 4 percent; Lowrey AFB, Colo. — 1 percent; McChord AFB, Wash. — 3 percent; Scott AFB, Ill. — 8 percent; and Sheppard AFB, Texas — 6 percent.

AFCOMS expects that the commissary at Andrews AFB, Md., will gain sales when the Army's Cameron Station, Va., store closes. However, an AFCOMS source said his agency was able to predict what that increase might be.

The predictions were based on surveys of shoppers and an analysis of predicted reassignments of personnel.

Commission taketh away, but giveth too

The following is a list of installations which would gain more than 100 jobs, according to the Commission on Base Realignment and Closure.

Arizona	
Yuma Proving Ground	+277
California	
Beale AFB	+781
Long Beach Naval Station	+461
March AFB	+3,420
McClellan AFB	+231
San Diego Naval Station	+1,495
Colorado	
Fort Carson	+700
Lowry AFB	+386
Hawaii	
Pearl Harbor Naval Station	+2,297
Idaho	
Mountain Home AFB	+1,949
Indiana	
Fort Benjamin Harrison	+1,309
Kentucky	
Fort Knox	+377
Massachusetts	
Fort Devens	+1,420
Maryland	
Fort Detrick	+241
Michigan	
Detroit Arsenal	+101
Missouri	
Fort Leonard Wood	+352
Mississippi	
Keesler	+191
New Jersey	
Picatinny Arsenal	+136
New Mexico	
Cannon AFB	+1,159
Kirtland AFB	+484
New York	
Plattsburg AFB	+104
Staten Island Naval Station	+788
Pennsylvania	
Letterkenny Army Depot	+536
Tobyhanna Army Depot	+434
South Carolina	
Fort Jackson	+787
Texas	
Bergstrom AFB	+963
Goodfellow AFB	+217
Ingleside Naval Station	+876
Sheppard AFB	+865
Virginia	
Fort Belvoir	+3,606
Fort Lee	+246
Washington	
Everett Naval Station	+676
Fairchild AFB	+138
McChord AFB	+755

In addition to changes at the affected facilities, a chart provided by the commission indicates that the changes would add 914 personnel in San Francisco, 415 in Chicago, 224 in Salt Lake City, 145 at Ft. Lewis, Wash., and 12 at Nellis AFB in Nevada.

SOURCE: Associated Press

MWR officials expect to get some of that real estate money

Pentagon MWR officials are hoping to recoup $91 million from the proceeds of property sales on stateside bases slated for closure.

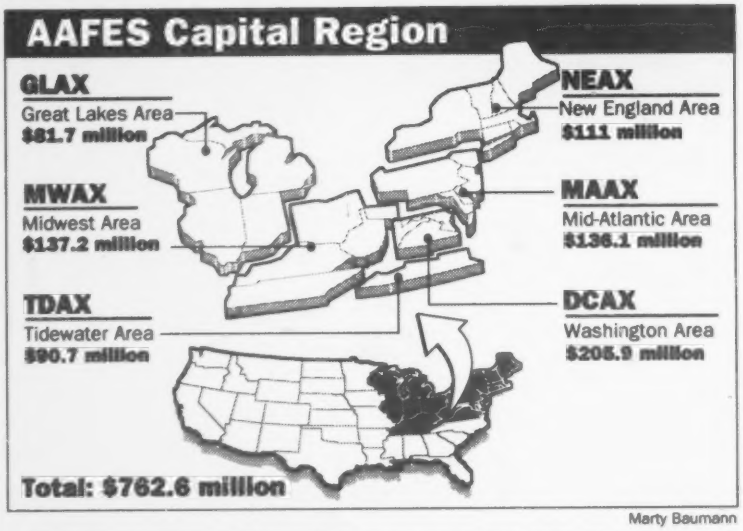
That amount will partially cover the value of commissaries, exchanges and other facilities on those installations which were built with surcharge dollars or other non-appropriated funds. Military officials think that money should be returned to MWR coffers to finance expansion on facilities on bases that will receive new personnel as a result of the base closure effort.

Army Lt. Gen. Donald W. Jones, the Deputy Assistant Secretary of Defense (Military Manpower and Personnel Policy), told MILITARY MARKET during an interview that the Defense Department has identified about $81 million worth of facilities that were built with non-appropriated funds, and another $10 million which were rehabilitated with NAF dollars.

He said DoD would like to be reimbursed for these. "There's about 91 million dollars out there that we would like to reclaim to put back into commissaries and PXs and snack bars and things of that nature . . .

"Some of the stuff we'll have to sell, and we'll have to generate some money before we'll be able to do that. But we've got a number of actions going on."

Capitol Hill response toward the move has been favorable, Jones said.



Marty Baumann

MILITARY MARKETPLACE ASSOCIATION

MMA, AAFES get together in Dayton

Nearly 200 people talked about exchange retailing during the Military Marketplace Association's first regional meeting, held in Dayton, Ohio — birthplace of the cash register.

The seminar, held April 25–26, met in conjunction with the first meeting of AAFES' Capital Exchange Region held since the region was consolidated in January.

About 85 Army and Air Force Exchange Service personnel attended, including general managers, exchange managers, area retail managers and main store managers.

More than 100 suppliers attending the MMA meeting interacted socially with the AAFES region personnel during a welcoming reception. Several said that the reception was one of the most productive segments of the MMA seminar, because business issues were discussed in a very relaxed atmosphere.

Region Chief Robert Winston updated industry on the region's performance and new ventures. Sales totaled $762.6 million for fiscal 1988. Since the merger of the Ohio Valley and Capitol regions in January, sales for the first quarter of fiscal 1989 are $12 million ahead when compared to last year.

One of the major issues challenging the region is a lack of organization in stockrooms, Winston said. "It is absolutely necessary that we recognize that the lack of business is due to lack of organization," he added.

The region has a program that will completely reorganize stockrooms. "We want to align the stockroom to look like the sales floor," said Winston. The program, which began in the Ohio Valley region during the summer of 1987, will help reduce unnecessary inventory quickly, since associates will know exactly what items are on-hand and which need to be reordered.

"Since we initiated the program, we have improved the overall inventory posture," Winston said. The region is currently about $5 million below programmed inventory, in relation to the allowable stock-to-sales ratio, he explained.

Master Stock Assortment Catalog —

Industry representatives complained that revised master stock assortment catalogs (Inventory Management Purchase Order catalogs) aren't getting to exchanges quickly enough.

Manufacturers who have had a product added or deleted said there must be glitches in the system, since stores are not often aware of changes made to the list. When it is time to reorder merchandise, accurate data is crucial, but apparently it isn't always available at store level.

Open Purchase Orders —

Open purchase orders should have a standard format, suppliers said. Manufacturers are having a very difficult time with them since they vary so much. Having a uniform form for OPOs would speed the time it takes to process these orders.

In addition, buyers are often taking too long to sign OPOs. Regions should emphasize the importance of quick decision-making on OPOs, the MMA members said.

AAFES TRIM, from page 5.

managerial. The cuts will take place over an undetermined period of time, according Heaberg. The changes will force some employees to assume added responsibilities and others to move elsewhere within the agency, he said.

For instance, the responsibilities of the deputy director of public affairs (Dub Bush) and the chief of customer relations (Larry Phillips) will be combined. One of them will have to move elsewhere to assume another job within the agency.

"Others in the retailing industry have gone through major restructuring in the past year, including J.C. Penney and Sears," said Heaberg, "and we're no different . . . We're trying to improve customer service, increase efficiency and reduce overhead operating costs."

AAFES is also reorganizing its worldwide distribution and transportation functions. The AAFES Distribution Region (ADR) headquarters in Atlanta and the headquarters Distribution Directorate (DD) in Dallas were disestablished in April.

Their functions will now be handled by Dan Sauder, chief of AAFES distribution, and by Shirley Loewy's distribution management staff in Dallas. Loewy, the senior civilian on the headquarters distribution staff, will assume responsibilities in operations and inventory management.

ADR's former finance and accounting, inventory management, quality assurance, and safety and security functions will continue in Atlanta under the current configuration. The transportation management function, headed by Jim McCoy, will remain in its current location, but the reporting chain will shift to Lt. Col. Bill Dunn, chief of the transportation division.

The change means that the Management Information Systems office at headquarters will control data processing for the distribution centers in Atlanta and Oakland. Personnel management functions will be integrated into other branches within the headquarters or at Atlanta.

Distribution planning, currently done in Atlanta and Dallas, will be merged into one division, to be handled by the chief of distribution at headquarters.

The contracting function, formerly done by ADR, will be integrated into the Purchasing Directorate. Oversight of distribution equipment and facilities functions will also be transferred to Dallas.

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COMMISSARIES

		FEBRUARY			YEAR TO DATE		
		CY'89	CY'88	% CHANGE	CY'89	CY'88	% CHANGE
	CONUS	$162,954	$143,985	13.17	$319,933	$301,477	6.12
	OVERSEAS	35,339	31,884	10.84	68,477	66,839	2.45
AIR FORCE	TOTAL	**198,292**	**175,869**	**12.75**	**388,410**	**368,315**	**5.46**
	CONUS	109,515	105,630	3.68	220,505	217,350	1.45
	OVERSEAS	41,055	40,740	0.77	83,055	83,265	-0.25
ARMY	TOTAL	**150,570**	**146,370**	**2.87**	**303,560**	**300,615**	**0.98**
	CONUS	64,349	60,119	7.04	123,529	119,918	3.01
	OVERSEAS	7,051	6,798	3.72	13,893	13,410	3.60
NAVY	TOTAL	**71,400**	**66,917**	**6.70**	**137,421**	**133,329**	**3.07**
	CONUS	12,465	11,808	5.56	25,779	25,008	3.08
	OVERSEAS	275	268	2.61	560	552	1.45
MARINE CORPS	TOTAL	**12,740**	**12,076**	**5.50**	**26,339**	**25,560**	**3.05**
	CONUS	271	250	8.40	527	492	7.11
	OVERSEAS	289	278	3.96	605	596	1.51
COAST GUARD	TOTAL	**560**	**527**	**6.26**	**1,133**	**1,088**	**4.14**
	CONUS	$349,554	$321,792	8.63	$690,273	$664,245	$3.92
ALL	OVERSEAS	$84,009	$79,968	$5.05	$166,590	$164,662	1.17
COMMISSARIES	TOTAL	**$433,563**	**$401,760**	**7.92**	**$856,863**	**$828,907**	**3.37**
GROCERY STORES	*U.S.*[1]	*$24.364*	*$23.184*	*5.09*	*$49.973*	*$47.399*	*5.43*

EXCHANGES

		FEBRUARY			YEAR TO DATE		
		CY'89	CY'88	% CHANGE	CY'89	CY'88	% CHANGE
	CONUS	$257,960	$243,175	6.08	$495,610	$463,699	6.88
	OVERSEAS	201,850	205,170	-1.62	402,327	403,923	-0.40
AAFES	TOTAL	**459,810**	**448,345**	**2.56**	**897,936**	**867,621**	**3.49**
	CONUS[2]	91,595	88,402	3.61	170,867	172,221	-0.79
	OVERSEAS[2]	37,801	37,079	1.95	75,589	77,195	-2.08
NAVY	TOTAL[2]	**129,396**	**125,481**	**3.12**	**246,457**	**249,417**	**-1.19**
	CONUS	36,223	31,375	15.45	54,687	50,273	8.78
	OVERSEAS	5,917	5,373	10.12	9,815	9,861	-0.47
MARINE CORPS	TOTAL	**42,140**	**36,748**	**14.67**	**64,502**	**60,134**	**7.26**
	CONUS[3]	6,013	5,983	0.50	11,276	11,220	0.50
	OVERSEAS[3]	448	446	0.45	840	836	0.48
COAST GUARD	TOTAL[3]	**6,461**	**6,429**	**0.50**	**12,116**	**12,056**	**0.50**
	CONUS[4]	1,316	1,638	-19.66	2,154	2,877	-25.13
	OVERSEAS[4]	2,159	2,687	-19.65	3,225	4,262	-24.33
MAIL ORDER	TOTAL[4]	**3,475**	**4,324**	**-19.63**	**5,379**	**7,139**	**-24.65**
	CONUS	$393,107	$3705733	6.08	$734,594	$700,290	4.90
	OVERSEAS	$248,175	250,755	-1.03	491,796	496,077	-0.86
ALL EXCHANGES	TOTAL	**$641,282**	**$621,328**	**3.21**	**$1,226,390**	**$1,196,367**	**2.51**
DEPARTMENT STORES	*U.S.*[1]	*$9.160*	*$8.838*	*3.64*	*$18.307*	*$17.448*	*4.92*

1) SOURCE: U.S. Department of Commerce. 2) Does not include sales of ship stores. 3) MM estimate, based on official data. 4) Includes consolidated sales for all services, including Coast Guard. NOTE: Individual figures may not add to totals because of rounding. All sales are expressed in millions (add 000), except grocery stores and department stores, which are in billions. Commissary sales include appropriate surcharges; exchange sales include concession volume.